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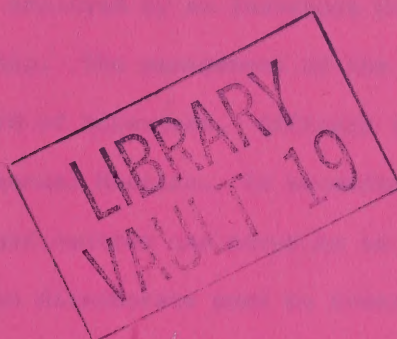
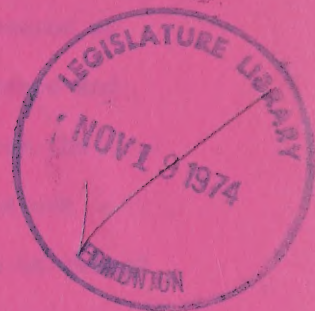
SEP 17 1974

PREMIER'S OFFICE

SUBMISSION

of the

INSURANCE AGENTS' ASSOCIATION OF ALBERTA



to the

EXECUTIVE COMMITTEE, ALBERTA GOVERNMENT

Edmonton, Alberta

September 26, 1974

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The Insurance Agents' Association of Alberta was founded in 1925 and incorporated under the Societies Act in 1956. Membership is voluntary and is open to any resident of Alberta who is licensed by our Government to transact business in all classes of insurance and who represents three or more insurers. This is distinct from the captive agent who is employed by an Insurance Company and is not eligible for membership. The management of the Association is vested in its 21 member Board of Directors. Officers (5) and Directors (16) are elected at each Annual Meeting. In accordance with the constitution, members from the larger centres can never be in exclusive control of the Association as the directorate must be evenly distributed throughout the Province.

The objects of the Association may be summarized as follows:

1. To render assistance to Government on insurance matters.
2. To raise the standard of insurance service provided the public.
3. To improve the insurance knowledge of our members.
4. To co-operate with organizations devoted to accident and fire protection.
5. To promote and protect the public interest, as affected by the general insurance business.
6. To maintain a healthy agency force throughout the Province.

Currently, our Association has 385 individual members representing 229 offices in all parts of the Province. Although we do not represent all the agents in Alberta, our members transact approximately 75% of the premium volume developed in the Province.

The role of the independent agent may not be fully understood or appreciated. He is a professional who deals in protection, a middle man "buying" insurance protection for his clients from the insurance companies he represents. He strives to ensure that his clients have adequate protection at all times and when the clients risk changes the competent agent advises how to meet them through application of the proper type of insurance.

When a loss occurs the agent is an on-the-spot counsellor and advisor and is often able to act on behalf of his client in bringing claims to a successful conclusion.

It was not until 1960 that the Government introduced an examination prior to licensing. The exam, although elementary, was better than none at all and over the past decade Government resisted any move to improve the quality of the agent through examination. The I.A.A.A. has always had its own qualification examination and sponsors annual seminars to help agents improve their standards.

PROFESSIONALISM

It is the intention of the I.A.A.A. to submit a "Private Member's" Bill at the 1975 spring session of the Alberta Legislature incorporating a professional body to be known as the Insurance Brokers Association of Alberta.

Since our submission to the Special Legislative Committee studying the Regulations of Professions and Occupations and their licensing, chaired by M.L.A. Helen Chichak in August of 1972, and a further brief presented to the Executive Committee of the Alberta Government in July of 1973, we feel this Bill to be a natural follow-up.

In today's complicated world of law and risk the insurance interests of the public can best be protected by the skilled, competent, professional insurance Broker.

The intent of the Bill would be to give professional status to certain insurance agents, while reserving to the Minister of Consumer Affairs the supervision, regulation, and licensing of all insurance agents.

We are very pleased that the Department of Insurance has at long last improved the quality of the licensing examination and no doubt it will be reviewed again in the future. With successful

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completion of the I.A.A.A Qualification and Refresher Seminar being sufficient for licensing, the I.A.A.A. is grateful and appreciative. With this kind of co-operation, now and in the future, the best interests of the public will be assured.

GOVERNMENT INVOLVEMENT

Retail Implement Dealers Bond

In late fall of 1973 the I.A.A.A. learned that the Provincial Government was planning to do away with the Retail Implement Dealers Bond. It would appear that at the time the necessity of this type of bond was not fully appreciated, the details of which will not be gone into here. Subsequent meetings with concerned parties and letters from members of the Association resulted in a reconsideration of the proposed pool and continuation of the practice of bonding.

Livestock Insurance

We now learn that the Government is working to implement a Government Livestock Insurance Corporation which would eliminate a portion of the rural independent agents' income. This comes as a surprise to us as we fail to see why Government need involve itself in this type of cover.

1. Any businessmen, farmers and ranchers included, should at their own expense, insure where they choose if they choose their own property.
2. We are not aware of any difficulty in securing markets for Livestock insurance. I.A.A.A. has not been consulted if, in fact, any such difficulty does exist.

The points of the above mentioned are:

1. This Government is dedicated to free-enterprise and should only act if free-enterprise cannot adequately fulfill the public's needs.
2. If there are difficulties it should not be unreasonable to expect prior consultation between Government and the agency force to iron out any problems that may exist.

Alberta Insurance Board

In our submission to the Executive Committee of the Alberta Government in July, 1973, we lauded the establishment of the Auto Insurance Board.

It would appear now that the pressure of Government on the Board to hold rates down has in fact created difficulties within the industry and may lead to some catastrophic results. To our knowledge the great majority of insurers have restricted their underwriting in most classes. At least four companies have left the Province, six more have reduced their offices to service office status with the effect of eliminating themselves from the Automobile insurance business.

The results of these moves will undoubtedly create "reserve" problems for some insurers, and may have already done so for the smaller Provincial companies, none of whom we would want to see in financial difficulty.

Driver Education

We must commend the Government for the introduction of the new Driver Education program and refer you to our comments in our July, 1973 submission. It would be hoped that this could be expanded to all parts of the Province as rapidly as possible, and our full co-operation can be expected in any way possible.

Stop Check

Stop Check has been in force for approximately nine months now and is a very worthwhile effort on the part of Government to

reduce the greatest menace on our highways. Together with the "Impaired Drivers Project" we feel that Alberta leads all other Provinces in dealing with this chronic problem.

Vehicle Inspection

Once again we must emphasize our disappointment that the Government has not reinstituted Motor Vehicle Inspection. It may be that unsound vehicles cause a small percentage of accidents, but driving is a privilege and not a right and any thing to make the driver more aware of his obligations to driving safety is warranted. When the Councils of both major cities in the Province endorse such a program how can the Provincial Government in all good faith turn a deaf ear?

LACK OF GOVERNMENT INVOLVEMENT

Cargo Insurance

It is difficult to understand why Government takes such an active interest in certain areas of insurance and not in others.

Cargo insurance is required by law to be carried by all common carriers. There has not been any appreciable change in cargo coverages in this Province for the past twenty years.

- (a) In many cases the public is not protected at all.
- (b) Truckers are not protected against catastrophe losses.

We would recommend a complete study of cargo insurance laws and regulations in close co-operation with insurers, brokers, and trucking associations.

"In Transit" Permits

We have experienced difficulties in cases where British Columbia resident and insured motorists, travelling to and through Alberta, carry a British Columbia "In Transit" permit under which the British Columbia insurance coverage ceases at the Alberta-British Columbia boundary.

It would be very helpful if the Alberta Government instituted a reciprocal arrangement with the British Columbia Government whereby insurance need not be purchased at the British Columbia-Alberta boundary for vehicles entering Alberta.

NO FAULT INSURANCE - VARI PLAN (VEHICLE ACCIDENT RECOVERY INSURANCE)

The Plan, as originally presented, has through input from various interested groups, been amended in several areas.

If the Alberta Government decides to institute the Plan we would support it to our fullest extent. Prior to that time, however, we request that we be provided with a continuing and even closer liaison with Government in this matter.

I.A.A.A. recognizes the need for, and will supply full co-operation and support to, and extensive educational and public relations program prior to inception of the Plan.

INSURANCE INDUSTRY COMMITTEE OF ALBERTA (INPACT)

This organization was formed as a result of the need to bring all segments of the general insurance industry in Alberta under one umbrella organization.

Its objectives are:

- (1) To act as an educational and information source with regard to all matters connected with general insurance.
- (2) To improve the public's image of the insurance industry through better public relations and communication.
- (3) To maintain problem and information bureaus in both Edmonton and Calgary.

- (4) To act as a meeting place in order to resolve inter-industry difficulties.

The sub-organization INPACT would contain both members of the insurance industry and members of the public. This, of course would ensure that the public's voice would be heard and acted upon.

CONCLUSION

The I.A.A.A. has made numerous submissions to Government and its agencies over the past years, dealing with various phases of insurance. We are confident that we have demonstrated our ability in dealing with problems and will continue to act in what we feel are in the best interests of the public.

We look forward to increased liaison with the Government and fully expect to be consulted on all matters relating to insurance that affect both our members and the public as a whole.

